

JAN 28 2003

EMPLOYER STATUS DETERMINATION

Arizona & California Railroad LP

Arizona & California Railroad Company

California Northern Railroad LP

California Northern Railroad Company

Puget Sound & Pacific Railroad

This is the determination of the Railroad Retirement Board concerning the status of Arizona & California Railroad LP, California Northern Railroad LP, Arizona & California Railroad Company, California Northern Railroad Company, and Puget Sound & Pacific Railroad as employers under the Railroad Retirement Act (45 U.S.C. § 231 et seq.) and the Railroad Unemployment Insurance Act (45 U.S.C. § 351 et seq.).

On September 28, 2000, ParkSierra Corporation¹ acquired the assets of California Northern Railroad Company Limited Partnership and Arizona & California Railroad Company Limited Partnership (B.A. Nos. 5734 and 3777, respectively) and itself became an employer under the Acts as of that date (B.A. No. 2795). California Northern Railroad Company Limited Partnership and Arizona & California Railroad Company Limited Partnership were operated as divisions of ParkSierra which, on January 8, 2002, was acquired by RailAmerica, Inc.

California Northern Railroad Company started operations effective November 1, 2002, when ParkSierra transferred rail assets to it. These assets had formerly belonged to California Northern Railroad Limited Partnership², which, as mentioned above, had conveyed its interest to ParkSierra in September 2000. Employees were to be transferred from ParkSierra to California Northern Railroad Company on January 3, 2003.

¹ It appears that as a result of the transactions described herein that ParkSierra will cease to be an employer covered under the Acts. Its status will be separately considered by the Board.

² Referred to in the records of the Board as "California Northern Railroad Ltd."

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In Surface Transportation Board Finance Docket No. 34199, California Northern Railroad Company³ filed a notice of exemption to acquire and operate approximately 248.5 miles of rail line.

Arizona & California Railroad Company started operations effective November 1, 2002, when ParkSierra Corporation transferred rail assets to it. These assets had formerly belonged to Arizona & California Railroad Limited Partnership⁴, which, as mentioned above, had conveyed its interest to ParkSierra in September 2000. Employees were to be transferred from ParkSierra to Arizona & California Railroad Company on January 3, 2003.

In Surface Transportation Board Finance Docket No. 34198, Arizona & California Railroad Company⁵ filed a notice of exemption to acquire and operate approximately 240 miles of rail line.

Puget Sound & Pacific Railroad started operations effective November 1, 2002, when ParkSierra Corporation transferred rail assets to it. These assets had formerly belonged to Arizona & California Railroad Limited Partnership. Employees were to be transferred from ParkSierra to Puget Sound & Pacific Railroad on January 3, 2003.

³ Referred to in the Surface Transportation Board decision as "CFNR Operating Company, Inc."

⁴ Referred on the records of the Board as "Arizona & California Railroad Ltd."

⁵ Referred to in the Surface Transportation Board decision as "ARZC Operating Company, Inc."

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In Surface Transportation Board Finance Docket No. 34200, Puget Sound & Pacific Railroad Company⁶ filed a notice of exemption to acquire and operate approximately 153 miles of rail line.

Section 1(a)(1) of the Railroad Retirement Act (45 U.S.C. § 231(a)(1)), insofar as relevant here, defines a covered employer as:

(i) any carrier by railroad subject to the jurisdiction of the Surface Transportation Board under Part A of subtitle IV of title 49, United States Code;

Sections 1(a) and 1(b) of the Railroad Unemployment Insurance Act (45 U.S.C. §§ 351(a) and (b)) contain substantially the same definition, as does section 3231 of the Railroad Retirement Tax Act (26 U.S.C. § 3231).

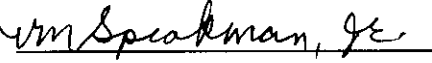
The evidence of record establishes that Arizona & California Railroad Company, California Northern Railroad Company, and Puget Sound & Pacific Railroad are carriers operating in interstate commerce. Accordingly, it is determined that they are employers within the meaning of section 1(a)(1)(i) of the Railroad Retirement Act (45 U.S.C. § 231(a)(1)(i)) and the corresponding provision of the Railroad Unemployment Insurance Act as of November 1, 2002, the date as of which they commenced operations.

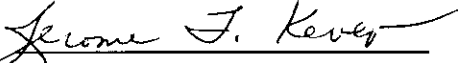
⁶ Referred to in the Surface Transportation Board decision as "PSAP Operating Company, Inc."

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The evidence further establishes that the status of Arizona & California Railroad LP, and California Northern Railroad LP as employers under the Acts should be terminated as of October 1, 2000, the beginning of the month after the month those companies transferred their rail assets to ParkSierra⁷.


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V. M. Speakman, Jr.


Jerome F. Kever

⁷ Arizona & California Railroad Company and California Northern Railroad Company have requested that they be permitted to use the B.A. numbers of Arizona & California Railroad LP, and California Northern Railroad LP, respectively. The Board has no objection to that proceeding.